

## Message Text

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14

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NEA-07 NSC-05 NSCE-00 OMB-01

DODE-00 CIAE-00 IO-03 OES-02 L-01 INR-05 SP-02 TRSE-00

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R 041720Z FEB 76

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 7602

C O N F I D E N T I A L RABAT 0627

LIMDIS

E.O. 11652: GDS

TAGS: EINV MO

SUBJECT: STATUS REPORT ON REACTIONS TO AMBASSADOR'S AIDE MEMOIRE ON  
OUTSTANDING COMMERCIAL AND ECONOMIC ISSUES BETWEEN GOM AND  
US FIRMS AND PROPERTY OWNERS

1. TOWARDS END OF 1975, AS INTERAGENCY COMMITTEE LOOKING AT LIST OF COUNTRIES ELIGIBLE UNDER PL 93-618 FOR GSP, EMBASSY RENEWED ITS EFFORTS TO GET GOM MOVING ACTIVELY ON SEVERAL FRONTS WHERE NEGOTIATIONS WITH US FIRMS AND INDIVIDUALS WHOSE PROPERTIES HAD BEEN "RECOVERED", "INTERVENED" OR OTHERWISE TAKEN OVER UNDER VARIOUS GOM DAHIRS. AS RESULT EXPRESSIONS OF EMBASSY CONCERN IN EARLY DECEMBER, HIGH LEVEL (PM AND MINCOM) ORAL ASSURANCES RECEIVED THAT GOM WOULD GIVE RENEWED ATTENTION TO OUTSTANDING BILATERAL CASES ONCE GREEN MARCH HYPERACTIVITY SUBSIDED. AIDE MEMOIRE DETAILING PROBELM AREAS PASSED SIMULTANEOUSLY TO FINMIN BY AMBASSADOR AND FONOFF BY DCM. DROP COPIES LEFT WITH OTHER ECONOMIC MINISTRIES (COPY PASSED DEPARTMENT).

2. WHILE NONE OF PROBLEMS HAVE BEEN ULTIMATELY RESOLVED, EVIDENCE IS ACCUMULATING THAT GOM IS MOVING TO REVIEW STATUS OF EACH ISSUE DOCUMENTED. WHETHER THIS RESULTS FROM SIMPLE  
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DESIRE TO ELIMINATE BACKLOG OF MINOR FRICTIONS; APPRECIATION

USUN VOTE ON SAHARA RESOLUTION AND APPROVAL CCC AND PL-480  
TITLE I CREDITS AT TIME OF EXCEPTIONAL FINANCIAL NEED; OR  
REALIZATION THAT FUTURE GRANTS, CREDITS, AND US FOREIGN  
DIRECT INVESTMENT COULD BE PLACED IN QUESTION IS  
IMMATERIAL.

3. RUN DOWN ON STATUS EACH ISSUE MENTIONED IN AIDE MEMOIRE  
FOLLOWS:

A. ARBITRATION CLAUSES. WITHIN COUPLE OF WEEKS OF MENTION  
IN AIDE MEMOIRE THAT RECENT GOM INSISTENCE ON AGREEMENT TO  
ARBITRATE CONTRACT DISPUTES LOCALLY WAS CAUSING GRAVE CONCERN  
TO US COMPANIES AND ADVERSELY AFFECTING WILLINGNESS TO SIGN  
PUBLIC WORKS AND MILITARY PROCUREMENT CONTRACTS, FINMIN  
APPROVED NORTHROP CONTRACT INCLUDING CLAUSE PROVIDING FOR  
ARBITRATION BEFORE ICC IN PARIS. THIS FOLLOWED WITHIN FEW  
DAYS BY FAR SIGNATURE ON DELCO CONTRACT WITH SIMILAR ICC  
ARBITRATION CLAUSE. WHILE NOT YET RATIFIED BY FINMIN, NO  
PROBLEMS ANTICIPATED. WE SEE THESE DEVELOPMENTS AS GOOD  
PROGRESS, IF NOT DEFINITIVE EVIDENCE REVERSING RECENT TREND  
WHICH WAS IMPAIRING WILLINGNESS OF US FIRMS TO DO BUSINESS  
HERE.

B. RANCH ADAROUCH. SHORTLY AFTER DELIVERY AID MEMOIRE, AND  
AFTER MONTHS OF NON-RESPONSE, LOCAL ADAROUCH MANAGER RECEIVED  
LETTER FROM AGMIN INQUIRING ABOUT NUMBERS, PRICES, AND  
DELIVERY DATES FOR CATTLE TO STOCK TIZITINE RANCH. FINGERS  
STILL CROSSED, BUT REGIONAL MANAGER HOPES THIS REFLECTS  
BREAKTHROUGH TO MORE COOPERATIVE ATTITUDE ENABLING KR TO  
REMAIN IN MOROCCO.

C. LAND CASES. DCM ASSURED BY FONOFF CONTACT WHO MEMBER OF  
GOM NEGOTIATING TEAM THAT GOM IS "REGROUPING" FOR NEW  
APPROACH. WE HOPE THIS MEANS RECONSIDERING PAST INSISTENCE  
ON GLOBAL SETTLEMENT AT TEN CENTS ON DOLLAR, AS PER FRENCH  
ACCORD. WE HAVE CONSISTENTLY HELD OUT FOR CASE-BY-CASE, MARKET-  
RELATED SETTLEMENTS.

D. ESSO. AFTER SEVERAL ALMOST COMIC REVERSALS OF  
SIGNAL AND DELAYS, ESSO LONDON REP JOHM ROOT HAS APPOINTMENT  
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WITH MINCOM FOR FRIDAY FEB 6 TO PRESENT REVISED ESSO  
PROPOSAL. BOTH SIDES REMAIN EXTREMELY SENSITIVE AS RESULT OF  
MUTUALLY FELT PAST WRONGS. WE GLAD TO SEE NEW APPROACH UNDER-  
WAY, BUT EXPECTATIONS REMAIN LIMITED FOR EARLY SETTLEMENT.  
BUT SEE PARA 4 BELOW.

E. HOLIDAY INN. MOST BIZARRE RESULT OF AIDE MEMOIRE HAS  
BEEN WITH RESPECT TO HOLIDAY INN. CASE HAS BEEN UNDER ARBITRATION

FOR SEVERAL YEARS AND RECENT REFUSAL BY MOROCCAN COURTS TO ENFORCE OUTSIDE ARBITRATION AWARDS (E.G. COTEF/COOK INDUSTRIES CASE) HAS PROMOTED SENSE OF WARINESS HOW MATTERS WOULD EVENTUATE ONCE ICSID DECISION HANDED DOWN. THESE CONCERNS ALLUDED TO IN AIDE MEMOIRE. THERE HAVE BEEN RUMORS DECISION IS IMMINENT AND ICSID TENDING TOWARDS HOLIDAY INN BRIEF. AMBASSADOR TODAY RECEIVED LETTER FROM CREDIT IMMOBILIER ET HOTELIER (CIH), GOVERNMENT TOURIST DEVELOPMENT BANK, WHICH TOOK OVER HOLIDAY INN PROPERTIES AFTER PAYMENTS/MANAGEMENT DISPUTE REACHED BREAK-DOWN STATE. LETTER INFORMS AMBASSADOR THAT CIH HAS INVITED HOLIDAY INN PRESIDENT WILSON AND WIFE TO ATTEND ANNUAL THRONE DAY CELEBRATIONS IN MARCH (AN HONOR RESERVED FOR PEOPLE ACTIVELY COURTED BY GOM). SEVERAL US HOTELIERS HAVE INDICATED THAT AS FORM OF SOLIDARITY THEY WOULD NOT INVEST HERE UNTIL H.I. CASE SETTLED. AT TIME OF FAIRLY SEVERE CASH FLOW DIFFICULTIES, LACK OF FOREIGN INVESTMENT BEING SEVERELY FELT. WITH RECENT TOURIST DEVELOPMENT STUDY HOT OFF PRESSES, AND IN WAKE OF CONCERNS RAISED AIDE MEMOIRE WE NATURALLY WONDER WHETHER GOM HAS RECEIVED THE MESSAGE AND INVITATION INTENDED AS GESTURE TO REESTABLISH RELATIONSHIP WITH WILSON IN ANTICIPATION OF ICSID AWARD.

4. WHILE FOR MOMENT THESE EVENTS ARE NO MORE THAN STRAWS-IN-THE-WIND, WITH UNDERLYING PROBLEMS REMAINING UNRESOLVED, SIMULTANEITY OF ACTIVITY AND PROXIMITY TO DELIVERY OF AIDE MEMOIRE RAISE HOPES THAT THESE FEW REMAINING PROBLEMS IN OVERALL HARMONIOUS BILATERAL ECONOMIC/COMMERCIAL RELATIONSHIPS WILL IN FACT BE RESLVED. IN MEANTIME, BELIEVE RANGE OF NEW ACTIVITIES AND REINITIATED CONTRACTS/NEGOTIATIONS SHOULD PERMIT WASHINGTON AGENCIES TO EXTEND PROVISIONAL FINDING THAT GOM REMAINS ELIGIBLE FOR GSP AND OTHER BENEFITS UNDER US LEGISLATION.

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## Message Attributes

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